

AN ACT

relating to farm mutual insurance companies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 221.001, Insurance Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) This chapter does not apply to:

(1) a fraternal benefit society, including a fraternal benefit society operating under Chapter 885;

(2) a group hospital service corporation operating under Chapter 842;

(3) a stipulated premium company operating under Chapter 884;

(4) a mutual assessment association, company, or corporation regulated under Chapter 887; ~~or~~

(5) a purely cooperative or mutual fire insurance company carried on by its members solely for the protection of their own property and not for profit, except as provided by Section 221.002(b)(13); or

(6) a farm mutual insurance company operating under Chapter 911, unless the company is acting as a fronting insurer.

(c) In this section, "fronting insurer" means a farm mutual insurance company:

(1) issuing an insurance policy that is the result of:

1 (A) marketing by an insurer not affiliated with
2 the farm mutual insurance company;

3 (B) an application submitted by a consumer to an
4 insurer not affiliated with the farm mutual insurance company; or

5 (C) an agreement with an insurer that is not a
6 farm mutual insurance company solely for the purpose of being
7 regulated under Chapter 911; or

8 (2) that cedes 85 percent or more of the farm mutual
9 insurance company's direct written premium to one or more
10 nonaffiliated reinsurers.

11 SECTION 2. Section 252.005, Insurance Code, is amended to
12 read as follows:

13 Sec. 252.005. EXCEPTION. This chapter does not apply to:

14 (1) a farm mutual insurance company operating under
15 Chapter 911, unless the company is acting as a fronting insurer as
16 defined by Section 221.001(c); or

17 (2) a mutual insurance company engaged in business
18 under Chapter 12, Title 78, Revised Statutes, before that chapter's
19 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
20 Called Session, 1929, as amended by Section 1, Chapter 60, General
21 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
22 retains the rights and privileges under the repealed law to the
23 extent provided by those sections.

24 SECTION 3. Section 911.065, Insurance Code, is amended by
25 adding Subsection (c) to read as follows:

26 (c) A farm mutual insurance company may provide in its
27 constitution or bylaws that a policyholder may vote electronically

1 or by mail without making a personal appearance at a policyholders'
2 meeting.

3 SECTION 4. Section 2210.006(b), Insurance Code, is amended
4 to read as follows:

5 (b) This chapter does not apply to:

6 (1) a farm mutual insurance company operating under
7 Chapter 911, unless the company is acting as a fronting insurer, as
8 defined by Section 221.001(c);

9 (2) a nonaffiliated county mutual fire insurance
10 company described by Section 912.310 that is writing exclusively
11 industrial fire insurance policies as described by Section
12 912.310(a)(2); or

13 (3) a mutual insurance company or a statewide mutual
14 assessment company engaged in business under Chapter 12 or 13,
15 Title 78, Revised Statutes, respectively, before those chapters'
16 repeal by Section 18, Chapter 40, Acts of the 41st Legislature, 1st
17 Called Session, 1929, as amended by Section 1, Chapter 60, General
18 Laws, Acts of the 41st Legislature, 2nd Called Session, 1929, that
19 retains the rights and privileges under the repealed law to the
20 extent provided by those sections.

21 SECTION 5. (a) Sections 221.001 and 252.005, Insurance
22 Code, as amended by this Act, do not affect tax liability accruing
23 before the 2017 calendar year. That liability continues in effect
24 as if this Act had not been enacted, and the former law is continued
25 in effect for the collection of taxes due and for civil and criminal
26 enforcement of the liability for those taxes.

27 (b) Section 2210.006(b), Insurance Code, as amended by this

1 Act, applies only to participation in the Texas Windstorm Insurance
2 Association on or after the effective date of this Act, including
3 the payment of assessments the liability for which accrues on or
4 after that date. Participation in the Texas Windstorm Insurance
5 Association before the effective date of this Act, including the
6 payment of assessments the liability for which accrued before that
7 date, is governed by the law as it existed immediately before that
8 date, and that law is continued in effect for that purpose.

9 SECTION 6. This Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I certify that H.B. No. 3496 was passed by the House on May 4, 2017, by the following vote: Yeas 143, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3496 on May 24, 2017, by the following vote: Yeas 138, Nays 7, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3496 was passed by the Senate, with amendments, on May 22, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor